



**DIVISION OF INVESTMENT  
DEPARTMENT OF THE TREASURY  
STATE OF NEW JERSEY  
CASH MANAGEMENT FUND**

Financial Statements, Management's  
Discussion and Analysis and Supplemental Schedule

June 30, 2005 and 2004

(With Independent Auditors' Report Thereon)

**DIVISION OF INVESTMENT  
DEPARTMENT OF THE TREASURY  
STATE OF NEW JERSEY  
CASH MANAGEMENT FUND**

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**DIVISION OF INVESTMENT  
DEPARTMENT OF THE TREASURY  
STATE OF NEW JERSEY  
CASH MANAGEMENT FUND**

Management's Discussion and Analysis

June 30, 2005 and 2004

**Introduction**

This section of the financial statements of The State of New Jersey Cash Management Fund (the Fund) presents our discussion and analysis of the Fund's financial performance during the fiscal years ended June 30, 2005 and 2004. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the Fund's basic financial statements, which follow this section.

**Financial Statements**

The Fund's basic financial statements include statements of net assets and statements of changes in net assets, which have been presented in accordance with accounting principles generally accepted in the United States of America as applicable to governmental entities.

The statements of net assets provide information on the financial position of the Fund at year-end. The statements of changes in net assets present the results of the investing activities during the fiscal year. The notes to the financial statements offer additional discussion that is essential to the full understanding of the data presented in the financial statements. The notes give more detail about accounting policies, significant account balances and activities, material risks, obligations, contingencies and subsequent events, if any. The financial statements and related notes are prepared in accordance with Governmental Accounting Standards Board principles as applicable to governmental entities.

**Statements of Net Assets**

The statements of net assets present the assets, liabilities and net assets (assets minus liabilities) of the Fund as of the end of the fiscal year and are point in time financial statements.

The statements of net assets are comprised of the following major components:

	<b>June 30</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
		(Millions)	
Assets:			
Investments, at fair value	\$ 14,489	13,529	16,153
Interest receivable	19	14	13
Total assets	<u>14,508</u>	<u>13,543</u>	<u>16,166</u>
Liabilities:			
Accrued expenses	—	—	1
Investments purchased but not settled	<u>—</u>	<u>205</u>	<u>—</u>
Net assets	<u>\$ 14,508</u>	<u>13,338</u>	<u>16,165</u>

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Management's Discussion and Analysis

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**Statements of Changes in Net Assets**

Changes in net assets from year to year are presented in the statement of changes in net assets. The purpose of this statement is to present the net investment income earned by the Fund as well as the contributions of and distributions to participants. A summary follows:

	<b>Year ended June 30</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
		(Millions)	
Net investment income	\$ 290	145	224
Administrative expenses and reserve fund fees	(5)	(6)	(7)
Net earnings distributed to participants	(284)	(151)	(235)
Increase (decrease) in net assets from unit transactions	1,169	(2,815)	5,078
Increase (decrease) in net assets	1,170	(2,827)	5,060
Net assets, beginning of year	13,338	16,165	11,105
Net assets, end of year	\$ 14,508	13,338	16,165

During the fiscal year ended June 30, 2005, net assets increased by \$1.2 billion, or 8.8%, primarily due to participant deposits. Net investment income of \$290 million was comprised of \$148 million of interest income and an increase in the fair value of the underlying portfolio (net appreciation in fair value of investments) of \$142 million. The average daily rate of return of 2.19% for State participants and 2.09% for Other-than-State participants was higher than the prior fiscal year due to a gradual increase in short-term rates during the year.

During the fiscal year ended June 30, 2004, net assets decreased by \$2.8 billion, or 17.5%, primarily due to participant withdrawals. Net investment income of \$145 million was comprised of \$86.5 million of interest income and an increase in the fair value of the underlying portfolio (net appreciation in fair value of investments) of \$58.4 million. The average daily rate of return of 1.11% for State participants and 1.01% for Other-than-State participants during the year was reflective of the low level of short-term rates available in the marketplace.

During the fiscal year ended June 30, 2003, net assets increased by \$5.06 billion, or 45%, primarily due to participant contributions. Net investment income of \$224 million was comprised of \$147.6 million of interest income and an increase in the market value of the underlying portfolio (net appreciation in fair value of investments) of \$76.4 million. The average daily rate of return was 1.82% for State participants and 1.70% for Other-than-State participants.



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## **Independent Auditors' Report**

The Members  
State Investment Council,  
Division of Investment,  
Department of the Treasury,  
State of New Jersey:

We have audited the accompanying statements of net assets of the State of New Jersey Cash Management Fund (the Fund) of the Division of Investment (the Division), Department of the Treasury, State of New Jersey, as of June 30, 2005 and 2004, and the related statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control over financial reporting of the Fund. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2005 and 2004, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of New Jersey Cash Management Fund of the Division of Investment, Department of the Treasury, State of New Jersey, as of June 30, 2005 and 2004, and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 1 and 2 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the schedule of portfolio of investments is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2005 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2005 basic financial statements taken as a whole.

KPMG LLP

August 19, 2005

**DIVISION OF INVESTMENT  
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Statements of Net Assets

June 30, 2005 and 2004

	<u><b>2005</b></u>	<u><b>2004</b></u>
Assets:		
Cash	\$ 1,246	305
Interest receivable	19,359,863	14,677,846
Investments, at fair value (note 3)	<u>14,489,417,871</u>	<u>13,528,690,123</u>
Total assets	<u>14,508,778,980</u>	<u>13,543,368,274</u>
Liabilities:		
Accrued expenses (note 4)	419,591	365,250
Investments purchased but not settled	<u>—</u>	<u>204,817,347</u>
Total liabilities	<u>419,591</u>	<u>205,182,597</u>
Net assets (notes 5 and 6 )	<u><u>\$ 14,508,359,389</u></u>	<u><u>13,338,185,677</u></u>

See accompanying notes to financial statements.

**DIVISION OF INVESTMENT  
DEPARTMENT OF THE TREASURY  
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Statements of Changes in Net Assets

Years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Additions:		
Net investment income:		
Interest	\$ 147,742,326	86,499,637
Net appreciation in fair value of investments	<u>142,483,772</u>	<u>58,361,323</u>
Net investment income	<u>290,226,098</u>	<u>144,860,960</u>
Deductions:		
Administrative expenses and reserve fund fees	4,519,572	6,029,737
Net earnings distributed to participants	<u>284,666,927</u>	<u>150,883,747</u>
Total deductions	<u>289,186,499</u>	<u>156,913,484</u>
Unit transactions:		
State participants:		
Deposits	35,940,184,463	32,958,350,814
Reinvestment of distributions	191,896,612	96,665,788
Cost of units redeemed	<u>(34,258,088,941)</u>	<u>(32,932,226,529)</u>
	<u>1,873,992,134</u>	<u>122,790,073</u>
Other-than-State participants:		
Deposits	11,649,217,057	11,862,302,939
Reinvestment of distributions	97,235,546	60,469,326
Cost of units redeemed	<u>(12,451,310,624)</u>	<u>(14,860,558,018)</u>
	<u>(704,858,021)</u>	<u>(2,937,785,753)</u>
Increase (decrease) in net assets resulting from unit transactions	<u>1,169,134,113</u>	<u>(2,814,995,680)</u>
Increase (decrease) in net assets	1,170,173,712	(2,827,048,204)
Net assets as of beginning of year	<u>13,338,185,677</u>	<u>16,165,233,881</u>
Net assets as of end of year	<u>\$ 14,508,359,389</u>	<u>13,338,185,677</u>

See accompanying notes to financial statements.



**DIVISION OF INVESTMENT  
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Notes to Financial Statements

June 30, 2005 and 2004

**(1) Organization**

The Division of Investment, Department of the Treasury, State of New Jersey (the Division) manages and invests certain assets of various divisions, agencies and employees of the State of New Jersey in various groups of funds, such as the Cash Management Fund, the Pension Fund and the Deferred Compensation Fund. The accompanying financial statements represent the State of New Jersey Cash Management Fund (the Fund) which is available on a voluntary basis for investment by State and “Other-than-State” participants. “Other-than-State” participants include counties, municipalities and school districts, and the agencies or authorities created by any of these entities. The Fund is considered to be an investment trust fund as defined in Governmental Accounting Standards Board (GASB) Statement No. 34. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

The Fund is not a legally separate entity within the State of New Jersey; however, the assets managed by the Division are included in the financial statements of the State.

The accompanying financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2005 and 2004, and changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**(2) Summary of Significant Accounting Policies**

***Measurement Focus and Basis of Accounting***

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues (additions) are recorded when earned and expenses (deductions) are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

***Adoption of Accounting Standard***

Effective July 1, 2004, the Division adopted Statement No. 40 of the Governmental Accounting Standards Board (GASB), “Deposit and Investment Risk Disclosures”, an amendment of GASB Statement No. 3. This statement establishes and modifies disclosure requirements related to investment and deposit risks. Comparative information at June 30, 2004 is not presented in the accompanying notes to financial statements.

***Valuation of Investments***

Investments are reported at fair value as follows:

- Money Market Instruments (including short-term U.S. Government and Agency obligations) – amortized cost which approximates fair value.

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Notes to Financial Statements

June 30, 2005 and 2004

- Other U.S. Government and Agency and Corporate obligations – prices quoted by a major dealer in such securities.

***Investment Transactions***

Investment transactions are accounted for on a trade date basis. Gains and losses from investment transactions are determined by the first in, first out method. Interest income is recorded on the accrual basis.

***Administrative Expenses***

Expenses of the Fund are paid by the Department of the Treasury of the State of New Jersey and are partially offset by the administrative expense fees collected from the “Other-than-State” participants (see note 7). No operating expenses are allocated to the Fund.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

**(3) Investments**

New Jersey state statute provides for a State Investment Council (Council) and a Director. Investment authority is vested in the Director of the Division and the role of the Council is to formulate investment policies. The Council issues regulations which establish guidelines for permissible investments which include obligations of the U.S. Treasury, government agencies, corporations, finance companies and banks, commercial paper, certificates of deposit, repurchase agreements, bankers acceptances and money market funds.

The Fund’s investments as of June 30 are as follows:

	<u>2005</u>	<u>2004</u>
U.S. Government and Agency obligations	\$ 6,244,681,074	6,143,022,388
Commercial paper	3,254,395,857	2,949,629,403
Finance company senior debt	—	102,812,000
Certificates of deposit	4,827,310,000	4,004,421,892
Corporate bonds	163,030,940	328,804,440
	<u>\$ 14,489,417,871</u>	<u>13,528,690,123</u>

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Notes to Financial Statements

June 30, 2005 and 2004

The Fund's investments are subject to various risks. Among these risks are credit risk, concentration of credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's) or Standard & Poor's Corporation (S&P). Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in U.S. Treasury and government agency obligations. Council regulations require minimum credit ratings for certain categories of fixed income obligations and limit the amount that can be invested in any one issuer or issue as follows:

<b>Category</b>	<b>Minimum rating</b>		<b>Limitation of issuer's outstanding debt</b>	<b>Limitation of issue</b>	<b>Other limitations</b>
	<b>Moody's</b>	<b>S&amp;P</b>			
Corporate obligations	Baa	BBB	25%	25%	—
U.S. finance company debt and bank debentures	A	A	10%	10%	—
Commercial paper	P-1	A-1	—	—	—
Certificates of deposit and Banker's acceptances (rating applies to international)	Aa/P-1	—	—	—	Uncollateralized certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital
Money market funds	—	—	—	—	Not more than 10% of fund assets can be invested in money market funds; limited to 5% of shares or units outstanding

In addition, the Division sets individual issuer limits for commercial paper and certificates of deposit.

At June 30, 2005 investments included \$1,874,687,061 of Federal Home Loan Mortgage Corp. obligations and \$994,923,523 of Federal National Mortgage Association obligations.

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Notes to Financial Statements

June 30, 2005 and 2004

For securities exposed to credit risk in the fixed income portfolio, the following table discloses aggregate market value, by major credit quality rating category at June 30, 2005:

	<b>Moody's rating (1)</b>		
	<b>Aa</b>	<b>A</b>	<b>P-1</b>
U.S. Treasury bills	\$ 3,075,259,320	—	—
U.S. Treasury notes	299,811,170	—	—
Federal Home Loan Mortgage Corp.	1,874,687,061	—	—
Federal National Mortgage Assoc.	994,923,523	—	—
Commercial paper - interest	—	—	524,400,000
Commercial paper - discount	—	—	2,729,995,857
Certificates of deposit	—	—	4,827,310,000
Corporate bonds	67,358,640	95,672,300	—
	<u>\$ 6,312,039,714</u>	<u>95,672,300</u>	<u>8,081,705,857</u>

(1) Moody's short-term ratings (e.g. P-1) are used for commercial paper and certificates of deposit.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Council regulations provide that the maturities of corporate obligations and finance company debt must be less than two years, and bank debentures must be less than twenty-five months. Certificates of deposits and bankers acceptances are limited to a term of one year or less. Commercial paper maturities cannot exceed 270 days. The maturity of repurchase agreements shall not exceed 15 days. All fixed income obligations held in the portfolio at June 30, 2005 mature within one year. All investments held in the portfolio at June 30, 2005 had maturities of less than one year.

**(4) Accrued Expenses**

Accrued expenses as of June 30, 2005 and 2004 are comprised of the following:

	<b>2005</b>	<b>2004</b>
Administrative expenses	\$ 203,808	239,443
Reserve fund fee	215,762	125,785
Undistributed net income	21	22
	<u>\$ 419,591</u>	<u>365,250</u>

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Notes to Financial Statements

June 30, 2005 and 2004

**(5) Units Outstanding**

In accordance with State Investment Council Regulations, units of ownership in the Fund may be purchased or redeemed on any business day at the unit cost or value of \$1.00. Investment income and net realized gains and losses on investments are distributed daily in the form of additional whole units at the current day's net asset value. Fractional units are included in the succeeding day's distribution.

The Fund values participants' shares on an amortized cost basis. Specifically, the Fund distributes income to participants on a daily basis based on (1) realized investment gains and losses calculated on an amortized cost basis (and added to the Reserve Fund for the pro-rata portion of such gains attributable to "Other-than-State" participants), (2) interest income based on stated rates, (3) amortization of discounts and premiums on a straight-line basis and (4) administrative and reserve fund fees charged only to "Other-than-State" participants.

As of June 30, 2005 and 2004, there were 14,509,399,533 and 13,340,265,422 units outstanding at \$0.999928312 and \$0.9998441 fair value per unit, respectively.

**(6) Net Assets**

Net assets as of June 30, 2005 and 2004 consist of the following:

	<u>2005</u>	<u>2004</u>
State participants	\$ 10,412,433,058	8,538,440,925
"Other-than-State" participants	4,096,966,476	4,801,824,497
Undistributed and net unrealized loss	<u>(1,040,145)</u>	<u>(2,079,745)</u>
	<u>\$ 14,508,359,389</u>	<u>13,338,185,677</u>

**(7) Reserve for Investment Losses and Administrative Expense Fund**

"Other-than-State" participants contribute one twentieth of one percent (0.05%) per year of the value of the aggregate units owned by them for the Administrative Expense Fund. This fund is used to reimburse the State of New Jersey for administrative and custodial fees of the Fund.

In addition, "Other-than-State" participants contribute one twentieth of one percent (0.05%) per year of the value of the aggregate units owned by them to a Reserve Fund. These contributions are supplemented by the proportionate share of "Other-than-State" participants in any gain on investment transactions realized in the Fund. State Investment Council Regulations provide that the Reserve Fund will be charged, to the extent that funds are available, with the proportionate share of the "Other-than-State" participants in (a) any loss occasioned by the bankruptcy of an issuer of an investment held by the Fund and (b) any loss realized upon the sale of an investment by the Fund. These amounts are reinvested and participate in the Fund.

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During fiscal 2002, the Reserve Fund was restructured pursuant to the State of New Jersey Appropriations Act for fiscal year 2001-2002. Pursuant to the restructuring plan, cash in the amount of \$72 million was released to the General Fund of the State of New Jersey and a surety bond in an equal amount was credited to the Reserve Fund.

As of June 30, 2005, the cost basis of the amounts held as reserves for investment losses and administrative expenses, included in the accompanying financial statements, were \$27,813,133 and \$2,187,446, respectively.

As of June 30, 2004, the cost basis of the amounts held as reserves for investment losses and administrative expenses, included in the accompanying financial statements, were \$25,137,428 and \$2,794,383, respectively.

**DIVISION OF INVESTMENT  
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Portfolio of Investments

June 30, 2005

Description	Principal Amount	Fair Value
<b>UNITED STATES GOVERNMENT OBLIGATIONS:</b>		
U.S. Treasury Bills:		
2.808 % ,due August 4, 2005	\$ 40,000,000	\$ 39,890,400
2.820 % ,due August 4, 2005	45,000,000	44,876,700
2.823 % ,due August 4, 2005	17,500,000	17,452,050
2.885 % ,due August 4, 2005	100,000,000	99,726,000
2.823 % ,due August 11, 2005	45,325,000	45,174,068
2.856 % ,due August 11, 2005	75,500,000	75,248,585
2.795 % ,due August 18, 2005	250,000,000	249,022,500
2.810 % ,due August 18, 2005	250,000,000	249,022,500
2.825 % ,due August 18, 2005	150,000,000	149,413,500
2.843 % ,due August 18, 2005	150,000,000	149,413,500
2.928 % ,due August 25, 2005	242,500,000	241,418,450
2.933 % ,due August 25, 2005	200,000,000	199,108,000
2.940 % ,due August 25, 2005	45,838,000	45,633,562
2.955 % ,due August 25, 2005	25,250,000	25,137,385
2.940 % ,due September 1, 2005	60,500,000	60,189,030
2.965 % ,due September 1, 2005	200,000,000	198,972,000
2.955 % ,due September 8, 2005	20,000,000	19,885,000
2.960 % ,due September 8, 2005	200,000,000	198,850,000
2.960 % ,due September 8, 2005	182,800,000	181,748,900
2.990 % ,due September 8, 2005	75,000,000	74,568,750
3.010 % ,due September 15, 2005	200,000,000	198,734,000
2.965 % ,due September 22, 2005	100,000,000	99,306,000
3.010 % ,due October 6, 2005	250,000,000	247,947,500
3.040 % ,due October 13, 2005	166,000,000	164,520,940
	<u>2,925,213,000</u>	<u>3,075,259,320</u>
U.S. Treasury Notes:		
5.750 % ,due November 15, 2005	100,000,000	100,887,000
1.875 % ,due January 31, 2006	101,000,000	100,108,170
1.625 % ,due February 28, 2006	100,000,000	98,816,000
	<u>301,000,000</u>	<u>299,811,170</u>
<b>COMMERCIAL PAPER INTEREST:</b>		
Citigroup Funding:		
3.080 % ,due July 1, 2005	90,400,000	90,400,000
3.400 % ,due July 1, 2005	200,000,000	200,000,000
General Electric Capital Services:		
3.050 % ,due July 7, 2005	100,000,000	100,000,000
San Paolo IMI :		
3.030 % ,due July 1, 2005	100,000,000	100,000,000
3.030 % ,due July 1, 2005	34,000,000	34,000,000
	<u>524,400,000</u>	<u>524,400,000</u>

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Portfolio of Investments

June 30, 2005

Description	Principal Amount	Fair Value
<b>COMMERCIAL PAPER DISCOUNT:</b>		
Alpine Securitization Corp.:		
3.280 % ,due July 7, 2005	\$ 20,720,000	\$ 20,708,673
3.260 % ,due July 21, 2005	25,000,000	24,954,722
Apreco Inc.:		
3.350 % ,due July 1, 2005	20,000,000	20,000,000
3.070 % ,due July 6, 2005	15,000,000	14,993,604
3.070 % ,due July 7, 2005	50,000,000	49,974,417
Atlantic Asset Sec. Corp.:		
3.180 % ,due July 15, 2005	75,000,000	74,907,250
3.240 % ,due July 22, 2005	41,400,000	41,321,754
CBA Delaware Finance:		
3.240 % ,due July 25, 2005	100,000,000	99,784,000
Caftco:		
3.040 % ,due July 1, 2005	15,000,000	15,000,000
3.120 % ,due July 19, 2005	51,390,000	51,309,832
Cargill Inc.:		
3.220 % ,due July 13, 2005	115,255,000	115,131,293
Ciesco LP:		
3.260 % ,due July 28, 2005	50,000,000	49,877,750
Danske Corp.:		
3.050 % ,due July 5, 2005	100,000,000	99,966,111
3.110 % ,due July 7, 2005	21,050,000	21,039,089
3.050 % ,due July 8, 2005	10,300,000	10,293,892
3.050 % ,due July 8, 2005	100,000,000	99,940,694
Eiffel Funding:		
3.260 % ,due July 28, 2005	23,200,000	23,143,276
Eureka Securitization:		
3.030 % ,due July 1, 2005	25,795,000	25,795,000
3.350 % ,due July 1, 2005	5,000,000	5,000,000
3.250 % ,due July 27, 2005	20,000,000	19,953,056
Gemini Securitization Corp.:		
3.070 % ,due July 7, 2005	10,000,000	9,994,883
3.180 % ,due July 15, 2005	32,000,000	31,960,427
3.240 % ,due July 26, 2005	8,764,000	8,744,281
Goldman Sachs:		
3.270 % ,due July 25, 2005	21,300,000	21,253,566
Greenwich Capital:		
3.400 % ,due July 1, 2005	50,000,000	50,000,000
ING US Funding:		
3.020 % ,due July 1, 2005	60,000,000	60,000,000
Manhattan Asset Funding Corp.:		
3.085 % ,due July 1, 2005	34,014,000	34,014,000
3.190 % ,due July 15, 2005	25,000,000	24,968,986
3.200 % ,due July 19, 2005	11,743,000	11,724,211
3.250 % ,due July 19, 2005	16,446,000	16,419,686
3.250 % ,due July 25, 2005	33,900,000	33,826,550
3.270 % ,due July 25, 2005	10,225,000	10,202,846
3.270 % ,due July 25, 2005	4,672,000	4,661,877
3.280 % ,due July 27, 2005	14,000,000	13,966,836



**DIVISION OF INVESTMENT  
DEPARTMENT OF THE TREASURY  
STATE OF NEW JERSEY  
CASH MANAGEMENT FUND**

Portfolio of Investments

June 30, 2005

Description	Principal Amount	Fair Value
<b>COMMERCIAL PAPER DISCOUNT, CONTINUED:</b>		
Merrill Lynch:		
3.090 % ,due July 5, 2005	\$ 68,950,000	\$ 68,926,327
Mont Blanc Capital:		
3.220 % ,due July 20, 2005	67,922,000	67,806,570
Natexis Banques:		
3.045 % ,due July 7, 2005	50,000,000	49,974,625
3.070 % ,due July 8, 2005	65,000,000	64,961,199
3.070 % ,due July 8, 2005	85,000,000	84,949,260
National Australia:		
3.075 % ,due July 11, 2005	35,000,000	34,970,104
Nieuw Amsterdam:		
3.040 % ,due July 1, 2005	60,150,000	60,150,000
3.100 % ,due July 11, 2005	16,854,000	16,839,487
3.100 % ,due July 12, 2005	72,996,000	72,926,857
Nordea North America:		
3.090 % ,due July 14, 2005	20,000,000	19,977,683
Ranger Funding Co.:		
3.060 % ,due July 6, 2005	30,000,000	29,987,250
3.060 % ,due July 6, 2005	13,189,000	13,183,395
3.090 % ,due July 12, 2005	15,000,000	14,985,838
3.230 % ,due July 20, 2005	282,900,000	282,417,734
3.280 % ,due July 27, 2005	10,028,000	10,004,245
3.280 % ,due July 27, 2005	23,800,000	23,743,620
SBC Communications:		
3.090 % ,due July 12, 2005	10,600,000	10,589,992
3.110 % ,due July 13, 2005	89,400,000	89,307,322
3.250 % ,due July 25, 2005	25,000,000	24,945,833
Three Pillars Funding Group:		
3.270 % ,due July 26, 2005	50,000,000	49,886,458
UBS Finance:		
3.170 % ,due July 22, 2005	64,164,000	64,045,350
Victory Receivables Corp:		
3.165 % ,due July 11, 2005	75,800,000	75,733,359
3.250 % ,due July 22, 2005	55,000,000	54,895,729
3.270 % ,due July 22, 2005	19,200,000	19,163,600
Wal-Mart Stores:		
3.030 % ,due July 6, 2005	35,000,000	34,985,271
Yorktown Capital Corp:		
3.200 % ,due July 7, 2005	175,900,000	175,806,187
	<u>2,733,027,000</u>	<u>2,729,995,857</u>

**DIVISION OF INVESTMENT  
DEPARTMENT OF THE TREASURY  
STATE OF NEW JERSEY  
CASH MANAGEMENT FUND**

Portfolio of Investments

June 30, 2005

Description	Principal Amount	Fair Value
<b>UNITED STATES GOVERNMENT AGENCY OBLIGATIONS:</b>		
Federal Home Loan Mortgage Corp:		
3.000 % ,due July 13, 2005	\$ 150,000,000	\$ 149,835,000
3.040 % ,due July 20, 2005	55,000,000	54,906,500
3.055 % ,due July 20, 2005	39,040,000	38,973,632
3.180 % ,due July 21, 2005	150,000,000	149,730,000
3.050 % ,due July 22, 2005	100,000,000	99,810,000
3.055 % ,due July 22, 2005	21,012,000	20,972,077
3.050 % ,due July 22, 2005	50,000,000	49,905,000
3.225 % ,due August 19, 2005	65,000,000	64,714,000
3.230 % ,due August 19, 2005	25,000,000	24,890,000
3.220 % ,due August 24, 2005	154,000,000	153,245,400
3.220 % ,due August 24, 2005	50,000,000	49,755,000
3.235 % ,due September 14, 2005	50,000,000	49,650,000
3.310 % ,due September 21, 2005	50,000,000	49,615,000
2.955 % ,due July 1, 2005	60,000,000	60,000,000
2.955 % ,due July 1, 2005	50,000,000	50,000,000
2.960 % ,due July 12, 2005	34,217,000	34,182,783
3.000 % ,due July 12, 2005	115,700,000	115,584,300
3.070 % ,due August 1, 2005	375,000,000	373,950,000
3.015 % ,due August 8, 2005	186,362,000	185,728,369
3.310 % ,due September 20, 2005	100,000,000	99,240,000
	<u>1,874,687,061</u>	<u>1,874,687,061</u>
Federal National Mortgage Association:		
2.950 % ,due July 6, 2005	132,750,000	132,696,900
2.950 % ,due July 6, 2005	75,000,000	74,970,000
2.950 % ,due July 6, 2005	175,000,000	174,930,000
2.950 % ,due July 6, 2005	100,000,000	99,960,000
3.000 % ,due July 13, 2005	150,000,000	149,835,000
3.080 % ,due July 18, 2005	78,000,000	77,883,000
3.040 % ,due July 20, 2005	75,000,000	74,872,500
3.060 % ,due July 22, 2005	20,460,000	20,421,126
3.070 % ,due July 27, 2005	19,197,000	19,152,847
3.090 % ,due August 3, 2005	21,300,000	21,236,100
3.090 % ,due August 3, 2005	17,400,000	17,347,800
3.130 % ,due August 3, 2005	82,250,000	82,003,250
3.315 % ,due September 21, 2005	50,000,000	49,615,000
	<u>994,923,523</u>	<u>994,923,523</u>
<b>CORPORATE BONDS:</b>		
E.I. Dupont De Nemeours:		
6.510 % ,due September 19, 2005	39,000,000	39,226,200
Gillette Co:		
5.750 % ,due October 15, 2005	28,000,000	28,132,440
Hershey Food Corp:		
6.700 % ,due October 1, 2005	20,000,000	20,133,800
Honeywell Int'l:		
6.875 % ,due October 3, 2005	75,000,000	75,538,500
	<u>162,000,000</u>	<u>163,030,940</u>

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STATE OF NEW JERSEY  
CASH MANAGEMENT FUND**

Portfolio of Investments

June 30, 2005

Description	Principal Amount	Fair Value
<b>CERTIFICATES OF DEPOSIT:</b>		
BNP Paribas:		
3.085 % ,due July 11, 2005	\$ 87,400,000	\$ 87,400,000
3.190 % ,due August 10, 2005	97,500,000	97,500,000
Bank of Montreal:		
3.260 % ,due August 2, 2005	50,000,000	50,000,000
Bank of Nova Scotia:		
2.990 % ,due July 5, 2005	100,000,000	100,000,000
3.070 % ,due July 19, 2005	44,910,000	44,910,000
Barclays Bank:		
3.110 % ,due July 11, 2005	115,700,000	115,700,000
3.260 % ,due August 31, 2005	100,000,000	100,000,000
3.340 % ,due September 14, 2005	84,300,000	84,300,000
Branch Banking & Trust:		
3.140 % ,due August 1, 2005	175,000,000	175,000,000
Calyon Yankee:		
3.350 % ,due September 19, 2005	265,000,000	265,000,000
Canadian Imperial Bank:		
3.030 % ,due July 12, 2005	14,200,000	14,200,000
3.180 % ,due August 19, 2005	75,000,000	75,000,000
3.090 % ,due July 14, 2005	20,000,000	20,000,000
3.040 % ,due July 1, 2005	9,300,000	9,300,000
3.110 % ,due July 11, 2005	140,800,000	140,800,000
3.140 % ,due July 14, 2005	40,700,000	40,700,000
Deutsche Bank:		
3.030 % ,due July 6, 2005	60,000,000	60,000,000
3.160 % ,due August 8, 2005	35,700,000	35,700,000
3.120 % ,due July 25, 2005	151,000,000	151,000,000
3.240 % ,due July 29, 2005	78,300,000	78,300,000
Dresdner Bank Yan:		
3.180 % ,due August 9, 2005	100,000,000	100,000,000
3.330 % ,due August 22, 2005	75,000,000	75,000,000
Fortis Bank of NY:		
3.250 % ,due July 25, 2005	250,000,000	250,000,000
3.260 % ,due July 21, 2005	75,000,000	75,000,000
Rabobank Nederland:		
3.090 % ,due July 25, 2005	200,000,000	200,000,000
3.090 % ,due July 28, 2005	250,000,000	250,000,000
3.030 % ,due July 1, 2005	45,700,000	45,700,000
3.140 % ,due August 1, 2005	100,000,000	100,000,000
3.060 % ,due July 18, 2005	90,000,000	90,000,000
Regions Bank CTF:		
3.240 % ,due August 31, 2005	89,300,000	89,300,000
Royal Bank of Canada:		
3.045 % ,due July 15, 2005	25,000,000	25,000,000
3.100 % ,due July 29, 2005	75,000,000	75,000,000
3.030 % ,due July 1, 2005	25,000,000	25,000,000
3.210 % ,due August 9, 2005	60,000,000	60,000,000
3.120 % ,due July 11, 2005	40,700,000	40,700,000
3.120 % ,due July 12, 2005	60,000,000	60,000,000

**DIVISION OF INVESTMENT  
DEPARTMENT OF THE TREASURY  
STATE OF NEW JERSEY  
CASH MANAGEMENT FUND**

Portfolio of Investments

June 30, 2005

Description	Principal Amount	Fair Value
<b>CERTIFICATES OF DEPOSIT, CONTINUED:</b>		
Royal Bank of Scotland:		
3.050 % ,due July 1, 2005	\$ 43,700,000	\$ 43,700,000
3.050 % ,due July 1, 2005	88,900,000	88,900,000
3.050 % ,due July 1, 2005	40,000,000	40,000,000
3.140 % ,due August 1, 2005	75,000,000	75,000,000
3.310 % ,due August 22, 2005	77,400,000	77,400,000
Societe Generale:		
3.030 % ,due July 15, 2005	116,600,000	116,600,000
3.125 % ,due July 29, 2005	108,400,000	108,400,000
3.070 % ,due July 5, 2005	70,000,000	70,000,000
UBS AG:		
3.240 % ,due August 15, 2005	50,000,000	50,000,000
3.370 % ,due September 19, 2005	100,000,000	100,000,000
3.260 % ,due August 2, 2005	125,000,000	125,000,000
3.260 % ,due August 2, 2005	35,800,000	35,800,000
Union Bank of California:		
3.260 % ,due July 27, 2005	175,000,000	175,000,000
Wells Fargo Bank:		
3.070 % ,due July 11, 2005	115,000,000	115,000,000
3.070 % ,due July 12, 2005	60,000,000	60,000,000
3.140 % ,due August 9, 2005	125,000,000	125,000,000
3.270 % ,due July 15, 2005	25,000,000	25,000,000
Westdeutsche Land:		
3.060 % ,due July 5, 2005	91,000,000	91,000,000
	4,827,310,000	4,827,310,000
 Total		 <u>\$ 14,489,417,871</u>
Total fair value of investments		\$ 14,489,417,871
Total cost of investments		14,465,683,144
Net unrealized gain		<u>\$ 23,734,727</u>